

**56 GUIDE TO INVESTMENT AND
FINANCE**

times before we invested, and will occur myriads of times again. The rhythmic order of the world and of human affairs shows that one set of circumstances will invariably be succeeded by a set of a different type in perpetual iteration and recurrence, and yet be consistent with a general equilibrium. We could not speak with any sense or meaning of fortune did not misfortune exist.

6. Let it always be remembered, once more, that the man of moderate means should sedulously keep to the common forms of investment: it is only the man of comparatively large capital—to whom a misadventure would only signify a minute fraction of his total principal—who can safely afford the chance (without degenerating into a speculator) of a larger profit by entering into the domain of a more specialised finance. But even for him, equally with the minor investor, the principle of the proper distribution of risks is imperative.

7. I have frequently warned the investor against speculation, and, as that term is a wide and ambiguous one, an explanation is desirable. 'I mean a man whose business is the constant venturing upon the chances of loss and gain upon investments. Properly understood, all business, even of the soundest character, consists more or less of speculation: we must all be guided by the probabilities involved in the transactions in which we are concerned: we purchase a property or a security after weighing the chances, for and against, of its proving stable or improving: but there is the difference of the poles between judicious and deliberate ventures, which, from the nature of things, must involve chances or probabilities, and that extreme form in buying what we do not desire or intend to hold, or selling what we do not possess, simply for the purpose of realising an expected profit.

The one man purchases
to keep: the aim of the other when he
buys is simply to sell
when a gainful opportunity occurs.

8. I have already laid stress, in passing,
upon the importance
of the element of time in all monetary
transactions—the power
of waiting for favourable opportunities.
And this is particularly
the case where the investor feels at
liberty, on account of his
financial resources and knowledge, to
engage in transactions
whose fruition lies essentially in the
future, and which, by
reason of this special character and the
intermediate absence of